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Return to troubled hotel offers manager pleasure, sadness

By Terin Miller
Arlington Citizen-Journal

Returning to the Flagship Inn for Richard E. Abati has been both pleasurable and sad.

Sad because of what has happened to the hotel since 1984, when American Airlines sold the former Arlington showcase hotel to Tom Morris and his Metropolitan Ventures for $12.5 million.

Pleasurable because after the hotel went through two bankruptcies and several management changes, Abati and a partner have been named as managers by a trustee who was given control of the property by a court after the hotel's last bankruptcy.

Abati had been a general manager in 1972 at Flagship Inn while working for Americana Hotels.

"I was closely associated with the hotel up to its first sale," Abati said.

American Airlines sold its hotel division, Americana, in 1980. The Flagship Inn — because of revenue potential with its 19 acres, proximity to D/FW Airport and American Airlines and Boy Scouts of America training facilities — was held by American until 1984, Abati said.

Morris went bankrupt and American, under the name Avenue H Properties, reacquired the property in 1984. Avenue H sold the property next to Thigpen Properties of Irving, a subsidiary of Independent Hotel Management Co. of Oklahoma.

Thigpen and Independent attempted to sell the hotel to Florida-based Gardner Enterprises, but Frontier Savings & Loan of Tulsa asked the court to block the sale because Frontier holds the Flagship lien for Independent.

A court appointed Tulsa attorney, William Grimm, was made trustee of the hotel to make sure bills were paid while ownership was determined by a bankruptcy court judge. Grimm hired Abati and his partner, Michael B. Lee, to manage the hotel.

The hotel is still technically in Grimm's hands, as no determination has been made on ownership.

"In all probability, we see it ending up with the bank," Abati said. The bank has invested additional money to renovate the property to make it attractive to potential buyers.

"We (American Airlines) were in the midst of a $3 million renovation that we started in 1982-83, and were winding up in 1984 when it was sold," Abati said. Between 1984 and now, little happened to the property, he said.

Frontier committed to covering the hotel's debts until at least the end of the court battle while the hotel tried to maintain a business-as-usual demeanor. The thrift has since committed almost $750,000 to complete the renovation begun by American Airlines in 1984.

Richard E. Abati, left, and Michael B. Lee, managers of Flagship Inn

By the time it is completed, the renovation will probably amount to $1 million, Abati said.

Concern for employees has been evident too, Abati said.

The 125 to 175 employees, 50 percent of whom have been employed at the hotel since its troubles began, a few of whom have been there since it opened in 1961, went from working for American Airlines, which had great health and medical benefits, to no benefits.

Health and medical benefits are in the process of being reinstated, Abati said.

Abati and Lee were picked by Grimm to handle the hotel during this transition period because of their previous experience as executives with Americana.

Lee had been a senior vice president of marketing for Americana when he left to work for the Wyndham Hotel Co., a subsidiary of Trammel Crow.

Both he and Abati had become specialists in turning troubled hotels into profitable ventures for Americana, Abati said. Finally both decided to go into the business for themselves.

"When we get through, virtually every guest room in the hotel will have been renovated or updated," Abati said.

The strategy of the Flagship Hospitality Corp. team is "no matter the cost — get corporate meetings back in the hotel to see what has happened and who is operating it." Since returning to the Flagship, the team has also been asked to turn around other hotels.

The response, Abati said, has been tremendous. The hotel has been operating in the black and has contributed $100,000 out of its own revenues to the renovation project.

Traditionally, Arlington hotels have thrived on summer guests and brief visitors. Flagship, which began as a popular meeting place, is trying to recapture the meeting market, Abati said.

"They can be in an open atrium facility anywhere," he said. "They can't get the feeling of the southwest anywhere but here."

The hotel has individual villas for private receptions, cookouts and parties, five swimming pools, tennis courts and a golf course.

It also has the Chrystal Palace ballroom, complete with Austrian crystal chandeliers and 310 guest rooms, including suites and villas.

Built in 1961 as the Inn of the Six Flags, Flagship Inn was the anchor of the Great Southwest Industrial District. It has hosted such celebrities as Lady Bird Johnson, wife of former President Lyndon B. Johnson, late actor John Wayne and singer Dean Martin.

Competition from new hotels such as the Sheraton Centre Park and the Arlington Hilton still threatens the hotel, but Abati said he plans to target smaller groups than those most attracted by his competition.

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